Crown Corporation

Business Plans

for the fiscal year 2016–2017

Crop and Livestock Insurance Commission

Table of Contents

Message from the Minister, the Chair, and the CEO .....
Alignment with Government Priorities .....
Planning Context .....
Strategic Goals .....
Core Business Area .....
Priorities for 2016–2017 .....
Finance .....
Outcome and Performance Measures .....

Message from the Minister, Chair, and CEO

We are pleased to present the Crop and Livestock Insurance Commission's business plan for 2016–2017. The plan outlines the commission's continued commitment to offer Nova Scotia's primary agricultural producers insurance against production losses.

Farming continues to be a critical contributor to the health of rural communities and has a tremendous impact on the provincial economy as a whole. Connected so closely to our environment, and impacted by the unpredictable nature of weather patterns, farmers manage a great deal of risk as they work hard to produce important crops like wild blueberries, apples, and soy beans and develop new crop varieties that respond to evolving consumer tastes here at home and abroad. The commission plays an important role in helping producers manage risk through its 15 insurance plans, and that reflects the provincial government's commitment to working with farmers to protect and grow one of most critical primary industries.

The commission continues to expand its product line, offering increased benefits and more insurance options. These products are developed and tested in Nova Scotia for the province's unique agricultural mix and business needs. That ensures that the needs of farmers are always our first priority and that we are evolving our plans to meet the challenges they are facing as climate change becomes an increasing reality for the industry.

Helping farmers to succeed and manage risk supports the provincial government's efforts to enable economic growth for agriculture, enhance access to markets, promote innovation, and add value to the products grown here in our province. A successful agriculture industry means Nova Scotia is better able to compete and succeed in the global economy. The commission will continue to work with farmers to advance that priority.

The Honourable Keith Colwell, E.C.N.S
Minister, Department of Agriculture

Mr. Avard Bentley
Chair

Mr. Bill MacLeod, P.Ag.
CEO

Mission

The mission of the Crop and Livestock Insurance Commission is to provide Nova Scotia farm managers with insurance products with which they can manage the financial risk associated with reduced crop yields or animal production losses due to insurable perils.

Alignment with Government Priorities

The Province of Nova Scotia has identified the support of its people, innovation/economic development, and education in a fiscally responsible manner as its key priorities. The strategic themes of the Department of Agriculture supporting these priorities including enabling responsible economic growth, support for research and innovation, building public trust and market acceptance, increasing trade and market access, and encouraging value-added opportunities. The Nova Scotia Crop and Livestock Insurance Commission supports these priorities and strategic themes by providing agricultural entrepreneurs with the opportunity, in a fiscally responsible manner, to transfer some of the risk of financial loss caused by crop or production failures. The commission supports a climate that fosters private sector economic growth through its crop- and livestock-based insurance programs, encouraging good jobs and economic growth in the provinces rural communities. Through fiscally sustainable, cost-shared programs, the commission provides farmers with the opportunity to transfer the risk of production failure due to natural causes. This supports and encourages further on-farm development such as expanded value-added opportunities and the ability to access export markets, and exploration of increased research and innovation capacity in rural agricultural communities.

Planning Context

The Nova Scotia Crop Insurance Commission was established in 1968 to provide Nova Scotia farmers the opportunity to manage the risk of production failure. The Nova Scotia Crop Insurance Act was amended in 1978 to provide for the administration of the Livestock Insurance Program and is now cited as the Nova Scotia Crop and Livestock Insurance Act.

The commission reports to the Minister of Agriculture and is a key component of the business risk management services that the department offers to the industry under the AgriInsurance platform. It administers 15 crop insurance plans, a dairy livestock insurance plan, and a poultry insurance plan. The commission also administers a Wildlife Compensation Program under the AgriInsurance platform, which, while not an insurance-based program, compensates farmers for losses as a result of uncontrollable wildlife. Cost sharing of AgriInsurance (also known as Production Insurance and Crop Insurance) in Nova Scotia is governed by *Growing Forward 2*, a federal-provincial-territorial framework agreement on agriculture, agri-food and agri-based products policy. This agreement outlines cost sharing arrangements and administrative requirements that govern the design and

delivery of AgriInsurance programs. By design, AgriInsurance is required to be a fiscally self-sustaining partnership, with cost sharing by producers and both the federal and provincial governments.

Federal and provincial policy direction has encouraged the expansion and strengthening of the role of the AgriInsurance programs to offer more coverage to commercially grown crops and livestock species. In this context the commission is continuing to develop insurance products for crops and livestock that have not traditionally been covered under AgriInsurance in Nova Scotia.

Administratively, the commission continues to review its staffing needs and its succession planning strategy, which recognizes anticipated retirements in the next one to five years. The commission operates with a relatively small staff , and the ability to maintain and refill positions directly affects the delivery of the commission's programs. The commission will continue to review staff training and development needs during the coming year.

Since 2005, the commission has recognized the need to improve its service delivery and, in particular, to modernize its information management capabilities. While progress has been slow and has suffered from a number of setbacks, this work has been identified as a critical need for the effective delivery of the commission's programs and services. A renewed emphasis on the redesign of the commission's IT infrastructure has recently resulted in significant improvements. This work will continue over the next two to three years, using internal resources and a phased approach to modernize these systems. As noted above, continued access to a dedicated IT staff resource is critical to the success of this initiative.

Strategic Goals

To stabilize agricultural business incomes through the provision of fiscally responsible and sustainable insurance products to support the economic growth of the province.

A competitive sustainable and profitable farm industry proactively managing risk through income-stabilizing insurance-based programs.

A modern, highly responsive, efficient, reliable, and secure service delivery system.

Core Business Area

The core business of the Nova Scotia Crop and Livestock Insurance Commission is the delivery of insurance products for production agriculture. Its business is conducted pursuant to federal and provincial regulations and in accordance with the Business Risk Management chapter (Part III Annex B) of *Growing Forward 2*.

Priorities for 2015–2016

A key priority of the commission is to increase the insurance coverage it offers to Nova Scotia agricultural production. The value of coverage is actively managed by increasing the number of clients using AgriInsurance, or by increasing the number of products offered and the range of options available to clients. In support of a competitive business climate that stabilizes farm incomes and encourages economic growth and increases jobs in Nova Scotia's rural and coastal communities, the commission will pursue increased program participation through the following.

1. Program Expansion/Enhancements

The commission will

a. continue to consult with industry stakeholder groups to review current policies and regulations aimed at improving existing insurance plans (e.g., expand Dairy Livestock Plan to include insurance for clients without dairy quota, revise the Weather Derivative Plan to a continuous contract)

b. work with industry stakeholders on the development of new insurance programs in sectors such as grapes (development work on a grapevine plan)

c. undertake a review of its act and regulations, continue to update the form and content of its current dairy regulation, and recommend revision to the Arbitration Proceedings Regulation

d. introduce a new, non-yield-based acreage loss program for vegetables to provide an innovative option to conventional yield-based insurance plans

e. continue to work with stakeholder groups to review the effectiveness of its Wildlife Compensation Program

2. Administrative Priorities

a. Over the next two years, using a phased approach, the commission will continue to modernize its information technology infrastructure to achieve a more accurate, reliable, secure, and efficient data handling system.

b. The commission will continue to promote AgriInsurance as a key business management option for agricultural producers in Nova Scotia.

Finance

The commission budget is included in the budget estimates of the Department of Agriculture. The Implementation Agreement under *Growing Forward 2* provides for reimbursement of 60 per cent of the administrative costs relative to AgriInsurance and Wildlife Compensation. Insurance premiums are cost shared by farmers (40%), the federal government (36%), and the provincial government (24%), and are administered directly by the commission. Only provincial premium contributions are included in Department of Agriculture budget figures.

Outcome and Performance Measures

Business Risk Management (BRM) programs such as AgriInsurance were created and are designed to provide income stability to farm businesses. The following measures focus on the level of participation of the industry in this program. The last National BRM Survey (2010) found that 97 per cent of respondents felt AgriInsurance was effective in mitigating financial impacts of production losses. A 2014 survey of crop insurance clients in Nova Scotia found that 87 per cent of respondents felt crop insurance was an effective tool to stabilize farm income resulting from production losses

Note: The base year 2008–09 represents the start of the Growing Forward agreement, which ended in 2012–13 and was replaced by *Growing Forward 2*. The ultimate target (2017–18) marks the end of the Growing Forward 2 agreement.

Budget Context

Estimate of Income and Fund Balances

	Authority 2015–16 ($ 000)	Forecast 2015–16 ($ 000)	Budget 2016–17 ($ 000)
Revenues			
Insurance premiums paid by clients	823	800	823
Insurance premiums contributed by government (federal)	736	673	736
Wildlife compensation payments (federal)	150	105	150
Insurance premiums contributed by government (provincial)	491	449	491
Wildlife compensation payments (provincial)	100	70	100
Interest income	70	70	70
Total revenues	2,370	2,167	2,370
Expenses			
Indemnity claims	1,900	1,360	1,900
Wildlife compensation payments	250	175	250
Reinsurance premiums	0	0	0
Bad-debt expense	5	5	5
Total expenses	2,155	1,540	2,155
Net income from insurance activities	215	627	215
Crop and Livestock Insurance Fund balance			
Beginning of year	4,241	4,241	4,868
End of year	4,456	4,868	5,083
Administrative expenses			
Government contributions (Canada)	629	624	638
Government contributions (Nova Scotia)	456	456	466
Total administrative expenses	1,085	1,080	1,104
Net government expenditure			
Canada (premium + administration)	1,515	1,402	1,524
Nova Scotia (premium + administration)	1,047	975	1,057
Total program expenditure	2,562	2,377	2,581

Outcomes and Performance Measures

Core Business Area *Delivery of insurance products for production agriculture*

Outcome	Measure	Data Base Year 2008–09	Target 2016–17	Ultimate Target 2017–18	Trends	Strategies to Achieve Target
Increased income stability of farm businesses	Number of AgriInsurance contracts	700	850	900	2010–11: 745 2011–12: 659 2012–13: 674 2013–14: 737 2014–15: 832	Improve program effectiveness and flexibility through introduction of new insurance plans and promotion of insurance plans to attract new clients.
	$ value of coverage (M = $ millions)	$127.8 M	$170 M	$180 M	2010–11: $140.8 M 2011–12: $141.2 M 2012–13: $177.6 M 2013–14: $161.4 M 2014–15: $168.2 M	Introduce new insurance programs; expand existing plans.
	Number of AgriInsurance products available	36	50	55	2010–11: 38 2011–12: 41 2012–13: 47 2013–14: 47 2014–15: 47	Introduce new plans.
	Value of compensation paid for wildlife damage ($) (includes federal and provincial compensation paid to producers for damage from wildlife)	$110,000	$200,000	$250,000	2010–11: $201,000 2011–12: $183,000 2012–13: $82,000 2013–14: $77,381 2014–15: $169,484	Continue to promote this program.

Core Business Area *Delivery of insurance products for production agriculture*

Outcome	Measure	Data Base Year 2008–09	Target 2016–17	Ultimate Target 2017–18	Trends	Strategies to Achieve Target
	Ratio of insured production to total value of all products eligible for insurance in NS (excludes livestock) (measures the uptake by producers of the programs offered by AgriInsurance)	25.25%	30%	50%	2010–11: 30.41% 2011–12: 23.44% 2012–13: 23.11% 2013–14: 15.22% 2014–15: n/a	Continue to promote the program improvements to existing plans.
	Ratio of agricultural products eligible for insurance to value of all agricultural products in NS (excludes livestock) (measures the portion of Nova Scotia's Agricultural Industry that is being offered AgriInsurance coverage)	57.78%	60%	75%	2010–11: 44.31% 2011–12: 60.64% 2012–13: 57.17% 2013–14: 80.75% 2014–15: n/a	Develop new plans; improve existing plans.